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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, DECEMBER 12, 2002

APPLICATION OF

ALLTEL COMMUNICATIONS, INC.

PST-2002-00003

ALLTEL COMMUNICATIONS
OF VIRGINIA, INC.

ALLTEL COMMUNICATIONS
OF VIRGINIA NO. 1, INC.

RCTC WHOLESALE CORPORATION

PETERSBURG CELLULAR PARTNERSHIP

VIRGINIA RSA 2 LIMITED PARTNERSHIP

Application for review and correction of
items of certification to the Department
of Taxation - Tax Year 2001

Application for correction of assessment of
special regulatory revenue tax and for
a refund - Tax Year 2001

FINAL ORDER

Before the State Corporation Commission ("Commission") is the joint application of ALLTEL Communications, Inc., ALLTEL Communications of Virginia, Inc., ALLTEL Communications of Virginia No. 1, Inc., RCTC Wholesale Corporation, Petersburg Cellular Partnership, and Virginia RSA 2 Limited Partnership (collectively, "ALLTEL") for review and correction of our assessments of special regulatory revenue tax for tax year 2001 and a refund of any overpayments. ALLTEL also seeks correction

of the certification of gross receipts to the Virginia Department of Taxation for application of the greater of the minimum tax on telecommunications companies or income tax. On November 13, 2002, Hearing Examiner Howard P. Anderson, Jr., filed his Report in this proceeding. Examiner Anderson recommended that the Commission accept a stipulation, which ALLTEL and the Commission Staff offered in settlement of all issues raised in the application. The examiner further recommended that refunds of special tax totaling \$46,362.40 be made to ALLTEL. Finally, Examiner Anderson recommended that the Commission correct certifications of gross receipts to the Department of Taxation. ALLTEL waived the right to file comments on the Report.

The Commission has considered the record in this proceeding and Examiner Anderson's Report. We will adopt the stipulation and order the refunds and correction of the certifications to the Department of Taxation.

As noted in our Order for Notice and Hearing of August 9, 2002, the joint applicants, whom we have identified collectively as ALLTEL, include successor entities to several telecommunications companies that reported gross receipts for tax year 2001. According to the application, the joint applicants or the predecessor entities erroneously reported revenues billed on behalf of another telecommunications company

or person and subsequently paid to that company or person. These revenues are deductible from gross receipts subject to the special regulatory revenue tax levied under § 58.1-2660 of the Code of Virginia ("Code"). These revenues may also be deducted from gross receipts certified to the Department of Taxation under § 58.1-400.1 A of the Code. The Staff agreed with ALLTEL's analysis that gross receipts subject to the special tax and certification to the Department of Taxation were overstated. The Staff and ALLTEL also agreed on the calculation of the correct amount of gross receipts. The Commission finds and adjudicates that the special tax assessments and payments for tax year 2001 were excessive and that appropriate refunds should be made. We further find that corrected certifications to the Department of Taxation should be made.

Accordingly, IT IS ORDERED THAT:

(1) As provided by § 58.1-2030 of the Code, the application for review and correction of the assessment of special regulatory revenue tax for tax year 2001 be granted.

(2) For the following telecommunications companies, gross receipts subject to the special regulatory revenue tax for tax year 2001 be corrected and that refunds be certified to the Comptroller of the Commonwealth as follows:

<u>Company</u>	<u>FEIN</u>	<u>Corrected Gross Receipts</u>	<u>Amount of Refund</u>
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<u>Company</u>	<u>FEIN</u>	<u>Corrected Gross Receipts</u>	<u>Amount of Refund</u>
Telespectrum of Virginia, Inc.	36-3615089	344,533.52	689.07
Virginia Metronet, Inc.	36-3968109	6,436,209.63	12,872.42
360 Communications Company of Charlottesville	36-3501889	2,603,495.25	5,206.99
360 Communications Company of Lynchburg	36-3506513	1,963,857.44	3,927.71
360 Communications Company of Virginia	47-0649313	3,848,490.84	7,696.98
360 Communications Company of Danville Limited Partnership	54-1398929	438,373.69	876.75
Virginia RSA 1 Limited Partnership	36-4030708	1,328,440.38	2,656.88
Richmond Cellular Telephone Company	58-2117081	5,034,748.70	10,069.50
Petersburg Cellular Partnership	95-4230746	1,047,768.40	2,095.54
Virginia RSA 2 Limited Partnership	36-4030704	135,279.57	270.56

(3) The refunds certified in Ordering Paragraph (2) are without interest.

(4) The Commission's Public Service Taxation Division and Office of Comptroller/Administrative Services shall promptly prepare required documents and provide necessary information to the Comptroller of the Commonwealth for payment of the refunds

certified in Ordering Paragraph (2). The refunds totaling \$46,362.40 shall be made to ALLTEL Communications, Inc., FEIN No. 71-078156, and may be mailed to Anthony J. Saggese, Jr., Vice President of Tax, ALLTEL Communications, Inc., One Allied Drive, Little Rock, Arkansas 72202.

(5) As provided by § 58.1-2674.1 of the Code, the application to correct the certification of gross receipts to the Department of Taxation for tax year 2001 be granted.

(6) For the following telecommunications companies, gross receipts certified to the Department of Taxation for tax year 2001 be corrected and be certified to the Department of Taxation as follows:

<u>Company</u>	<u>FEIN</u>	<u>Corrected Amount</u>
Telespectrum of Virginia, Inc.	36-3615089	6,188,342.00
Virginia Metronet, Inc.	36-3968109	93,131,021.00
360 Communications Company of Charlottesville	36-3501889	22,491,205.00
360 Communications Company of Lynchburg	36-3506513	16,273,197.00
360 Communications Company of Virginia	47-0649313	17,393,629.00
360 Communications Company of Danville Limited Partnership	54-1398929	8,375,054.00
Virginia RSA 1 Limited Partnership	36-4030708	3,196,059.00

Richmond Cellular Telephone Company	58-2117081	51,564,579.00
Petersburg Cellular Partnership	95-4230746	9,309,477.00
Virginia RSA 2 Limited Partnership	36-4030704	9,619,370.00

(7) The Public Service Taxation Division shall promptly mail an attested copy of the Final Order to the Tax Commissioner.

(8) This case be dismissed from the Commission's docket and placed in closed status in the records of the Clerk of the Commission.